

HONOLULU ADVERTISER (HI)

23 February 1985

Court rejects Rewald bankruptcy appeal

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The CIA's involvement in Ronald Rewald's company is irrelevant to its bankruptcy, a federal appeals court ruled in San Francisco yesterday.

The 9th U.S. Circuit Court of Appeals said it was "not necessary" to consider CIA involvement with the firm in determining it was bankrupt.

The court upheld federal Judge Martin Pence's ruling that Bishop Baldwin Rewald Dillingham & Wong was bankrupt shortly after Rewald attempted suicide in July 1983.

Rewald has since been charged with theft in state court and perjury, income tax evasion and fraud in federal court.

On March 4, another federal judge in Honolulu, Harold Fong, will be asked to rule whether Rewald's CIA connection is relevant as a defense in his criminal case.

Rewald insists the CIA created and operated his company for intelligence-gathering purposes, and that investigation of the CIA's involvement would show the company was not actually bankrupt.

The CIA used the company and subsidiaries at least to provide commercial cover — tele-

phone numbers and stationery — for some CIA personnel, but denies it created or ran the company.

The decision in San Francisco yesterday moves bankruptcy controller Thomas Hayes one step closer to selling a fleet of luxury cars, some antique daggers and guns, and other assets held in Rewald's name.

Hayes said yesterday the ruling was "another step in making permanent the obvious bankrupt status of this company."

Hayes' attorney, James Wagner, said one issue remaining before the appellate court is Rewald's claim that Judge

Pence should have disqualified himself from acting in the bankruptcy case because of his statements about the case and his contacts with Justice Department attorneys in the matter.

Rewald's attorney in Honolulu, Robert Smith, said he has a pending motion to block sale of the assets, but expects he will lose that because of the ruling on the major issue yesterday.

More than 400 investors put about \$22 million into the company, which offered returns as high as 26 percent and claimed deposits were insured by the federal government.